

## London Update

*Editor's Note: Altman Weil principals Ward Bower and Tom Clay were in London in the first week of December 2003. Following are some of their observations on the UK legal market.*

**W**hile US firms seemed to be experiencing a second half up-tick in business, revenues and profits, London firms are languishing in an anomalous "legal recession" despite an expanding UK economy. Altman Weil meetings with management of some significant London firms late in 2003 reveal sluggish corporate and project finance practices which have not been offset by counter-cyclical litigation and insolvency activity as normally occurs in a corporate slowdown. The

continuing growth of the UK economy, albeit less than robust, apparently has forestalled this traditional counter-cyclical activity.

As a result, partner profits are projected to be flat or declining for many London firms in 2003/2004. The December 4 edition of *Financial Times* carried a story of slow client payment of bills and clients seeking fee discounts at Linklaters as reflecting the buyers' market in London today, fueled in part by competition from American firms.

The legal economic malaise in London presents an opportunity that some US firms are exploiting as they expand their on-the-ground practices. But for some US firms' London offices, the legal recession is produc-

ing losses which US partners are unwilling to endure. A number of US firms have either pulled out of London in the past year or are rumored to be considering it now. The lesson in this is that investment in foreign offices in expensive overseas venues is at best a long-term proposition, and should not be considered without a strong business case that takes into consideration economic cycles. ♦

**Ward Bower and Thomas S. Clay** are principals of Altman Weil, Inc., working out of the firm's offices in Newtown Square, Pennsylvania. They can be reached at (610) 886-2000 (or by email: [wbower@altmanweil.com](mailto:wbower@altmanweil.com) or [tsclay@altmanweil.com](mailto:tsclay@altmanweil.com)).